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Northwest Blue Cross  
Legal Department

STATE OF WASHINGTON  
OFFICE OF THE INSURANCE COMMISSIONER

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In the Matter of

LIFEWISE HEALTH PLAN OF  
WASHINGTON,

Registered Health Care Service Contractor.

ORDER NO. 14-0141

NAIC# 52633

WAOIC# 170257

CONSENT ORDER LEVYING A  
FINE

This Consent Order is entered into by the Insurance Commissioner of the state of Washington, acting pursuant to the authority set forth in RCW 48.02.080 and RCW 48.44.166, and LifeWise Health Plan of Washington, a registered health care service contractor.

**BASIS:**

1. On November 4, 2013, the Office of the Insurance Commissioner ("Insurance Commissioner") received form filings (state tracker IDs 262471 and 262472) from LifeWise Health Plan of Washington ("LifeWise" or "the Company") for its catastrophic plans WiseEssentials 25 and WiseSavings 20, adjusting the plan deductible from \$1,970 in 2013 to \$2,020 effective January 1, 2014, as required by RCW 48.43.005. On April 3, 2014, the Insurance Commissioner closed his review of these form filings without objection relating to the absence of an associated rate filing or any other issues.

2. On March 14, 2014, the Insurance Commissioner received a rate increase filing (state tracker ID 268450) from LifeWise for its grandfathered individual plan pool. The requested effective date was July 1, 2014. In that rate filing, LifeWise indicated that for the WiseEssentials 25 plan and WiseSavings 20 plan, the plan deductible had increased from \$1,970 in 2013 to \$2,020 effective January 1, 2014.

3. Since current rates filed and approved for WiseEssentials 25 plan and WiseSavings 20 plan were originally calculated for plans with the \$1,970 deductible, the Insurance Commissioner asked LifeWise whether a rate (decrease) filing and form filings with an effective date of January 1, 2014, were filed for these two plans. LifeWise responded that it filed only form filings and a rate filing with an effective date of January 1, 2014, was not filed. LifeWise believed that it was acting consistent with existing rate filing requirements in deferring the rate adjustment to July 2014.

4. LifeWise did reflect the rate decrease due to the deductible increase in the rate filing (state tracker ID 268450) that was effective July 1, 2014. The rate decreases due to the increase in plan deductible from \$1,970 in 2013 to \$2,020 in 2014 are 0.79% and 0.80% for WiseEssentials 25 plan and WiseSavings 20 plan, respectively. From the rate filing, as of November 2013, the enrollments for WiseEssentials 25 plan and WiseSavings 20 plan are 4,236 and 2,352, respectively. LifeWise has used unfiled rates for WiseEssentials 25 plan and WiseSavings 20 plan from January 1, 2014, through June 30, 2014. This resulted in a total overcharge amount for the six-month period from \$6.42 to \$38.01 per member for the six-month period, depending upon the age of the person. The total number of affected members on January 1, 2014, was approximately 5,700.

5. By using unfiled rates, LifeWise violated RCW 48.44.040.

6. RCW 48.44.166 allows the Commissioner, in lieu of suspension or revocation of a registration of a health care service contractor, to levy a fine against a health care service contractor under RCW 48.44.160 for each such offense in an amount not less than fifty dollars and not more than ten thousand dollars.

#### **CONSENT TO ORDER:**

LifeWise Health Plan of Washington, acknowledging its duty to comply fully with the applicable laws of the state of Washington, consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle the matter in consideration of the Company's payment of a fine, and upon such terms and conditions as are set forth below:

1. LifeWise consents to the entry of this Consent Order, waives any and all hearing rights, and further administrative or judicial challenges to this Consent Order.

2. By agreement of the parties, the Insurance Commissioner will impose a fine of \$50,000.00 (Fifty Thousand Dollars), payable within 30 (thirty) days of the entry of this Consent Order.

3. LifeWise agrees to refund overcharges to consumers made as a result of the use of the unfiled rates within 90 (ninety) days of the entry of this Consent Order, plus simple interest of 8% per annum. Proof of such refunds will be submitted to the Insurance Commissioner within sixty days of completion of the refund process.

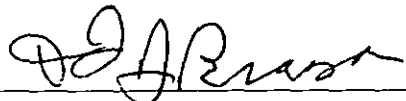
4. LifeWise understands and agrees that any future failure to comply with the statute that is the subject of this Consent Order constitutes grounds for further penalties, which may be imposed in direct response to further violation.

5. LifeWise's failure to timely pay this fine shall constitute grounds for revocation of the Company's Certificate of Registration, and shall result in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the state of Washington.

6. This Consent Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Company. However, the fact of this Consent Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issues or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

EXECUTED this 2nd day of December, 2014.

LIFEWISE HEALTH PLAN OF WASHINGTON

By: 

Printed Name: David J. Brnza

Typed Corporate Title: Chief Actuary + SUP

## AGREED ORDER:

Pursuant to the foregoing factual basis and Consent to Order, the Insurance Commissioner of the state of Washington hereby Orders as follows:

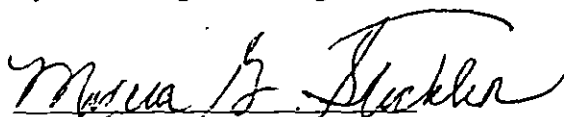
1. LifeWise Health Plan of Washington shall pay a fine in the amount of \$50,000.00 (Fifty Thousand Dollars) within 30 (thirty) days of the date of entry of this Consent Order.
2. LifeWise shall refund overcharges to consumers made as a result of the use of the unfiled rates within 90 (ninety) days of the entry of this Consent Order, plus simple interest of 8% per annum. Proof of such refunds will be submitted to the Insurance Commissioner within sixty days of completion of the refund process.
3. The Company's failure to pay the fine within the time limit set forth above shall result in the revocation of the Company's Certificate of Registration and in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the state of Washington.
4. This Consent Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Company. However, the fact of this Consent Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issues or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

Executed this 15<sup>th</sup> day of December 2014.



MIKE KREIDLER  
Insurance Commissioner

By and through his designee



MARCIA G. STICKLER  
Insurance Enforcement Specialist  
Legal Affairs Division